

BUENA VISTA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2004

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BUENA VISTA COUNTY

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Lorna Burnside	Board of Supervisors	Jan. 2005
Herb Crampton	Board of Supervisors	Jan. 2005
Jim Gustafson	Board of Supervisors	Jan. 2007
Bill Lanphere	Board of Supervisors	Jan. 2007
Richard Vail	Board of Supervisors	Jan. 2007
Karen Strawn	County Auditor	Jan. 2005
Kathleen Bach	County Treasurer	Jan. 2007
Shari O'Bannon	County Recorder	Jan. 2007
Charles E. Eddy	County Sheriff	Jan. 2005
Philip Havens	County Attorney	Jan. 2007
Ted Van Grootheest (Deceased, June, 2004)	County Assessor	Jan. 2010

INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Buena Vista County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the omission of the materials and supplies inventory, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

As described in Note 18 to the financial statements, during the year ended June 30, 2004, Buena Vista County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated November 10, 2004 on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 38 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed qualified opinions on those financial statements because of the omission of general fixed assets and materials and supplies inventory. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kunzelman, Putzier & Co.

November 10, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buena Vista County provides this Management Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Because Buena Vista County is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the County's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- Buena Vista County's governmental fund revenues increased \$2,588,701 or 26%, from fiscal 2003 (FY'03).
- Buena Vista County's governmental fund expenditures increased \$284,984 or 2.5% from FY'03. A new CAD system and hardware for the Communications Center, plus the Clay Regional Water project accounted for most of the increase.
- Buena Vista County's net assets increased \$2,485,418, or approximately 64.8%, from June 30, 2003 to June 30, 2004. This increase was in the ending fund balance; FY'04's ending fund balance was \$1,203,510 higher than FY'03.
- After several years of reducing the General Fund ending balance through reduced tax asking, and having re-estimated the FY'03 General Fund balance at \$68,656, property taxes were increased to achieve a balance sufficient to meet the cash flow needs of the county between July 1 and the September 30 tax collection deadline.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Buena Vista County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Buena Vista County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Buena Vista County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

- Other Supplementary Information provides detailed information about the non-major funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets includes all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) Proprietary funds account for the County's Internal Service Fund, Employee Group Health. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets of Governmental Activities	
	<u>June 30, 2004</u>
Current and other assets	\$ 11,400,033
Capital assets	<u>7,815,475</u>
Total assets	<u>19,215,508</u>
Long-term liabilities	6,331,199
Other liabilities	<u>6,561,575</u>
Total liabilities	<u>12,892,774</u>
Net assets	
Invested in capital assets, net of related debt	7,213,079
Restricted	3,762,279
Unrestricted	<u>(4,652,624)</u>
Total net assets	<u>\$ 6,322,734</u>

Changes in Net Assets of Governmental Activities	
	<u>Year Ended June 30, 2004</u>
Revenues:	
Program revenues:	
Charges for service	\$ 1,238,371
Operating grants, contributions, and restricted interest	4,308,234
Capital grants, contributions, and restricted interest	1,030,833
General revenues:	
Property tax	5,510,117
Penalty and interest on property tax	39,409
Local option sales tax	629,453
State tax credits	285,772
Grants and contributions not restricted to specific purposes	123,796
Unrestricted investment earnings	132,333
Other general revenues	<u>8,446</u>
Total revenues	<u>13,306,764</u>

Program expenses:	
Public safety and legal services	1,959,132
Physical health and social services	1,094,230
Mental health	1,169,520
County environment and education	532,598
Roads and transportation	2,842,244
Governmental services to residents	462,609
Administration	1,005,136
Non-program	1,465,683
Interest on long-term debt	290,194
Total expenses	<u>10,821,346</u>
Increase in net assets	2,485,418
Net assets beginning of year, as restated	<u>3,837,316</u>
Net assets end of year	<u>\$ 6,322,734</u>

Due to declining ending fund balances over several years, the County increased property tax rates for 2004 by an average of 23.9 percent. With a countywide valuation increase of \$20,556,391, the countywide levy rate increased \$1.645/thousand the rural rate decreased \$.028/thousand. The County's tax revenue (property and local option) increased by \$1,438,384 in 2004. Based on decreases in the total assessed valuation, property tax revenues were budgeted to increase an additional \$344,099 in FY'05.

Revenues other than property taxes increased \$1,150,267 over the prior year. Road use taxes increased \$531,326. Also, Medicaid case management reimbursement increased \$24,762; an \$80,000 grant was awarded for a Comprehensive Plan update; and \$211,494 in CDBG funds were received for a rural water project.

The cost of all governmental activities this year was \$10,821,346.

As noted earlier, net assets may serve over time as a useful indicator of financial position. Buena Vista County's net assets increased from \$3,837,316 to \$6,322,734. The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt.

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$4,781,357, an increase of \$1,203,510 above FY'03's total of \$3,577,847. The increase in fund balance is due to property tax increase. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- From FY'03 to FY'04, General Fund expenditures increased \$112,338, and revenues increased \$1,099,583. FY'04 Revenues exceeded expenditures by \$566,786. Other financing sources/uses are not reflected in this total. The ending fund balance showed an increased of \$363,133 over the prior year.
- Rural Fund expenditures decreased \$17,391, and revenues decreased \$168,445. The ending fund balance decreased \$319,566.
- Secondary Roads Fund expenditures increased \$181,181, and revenues increased \$775,570. The ending fund balance increased \$682,835.
- Debt Service Fund expenditures increased \$117,047, and revenues increased \$118,044. The ending fund balance increased \$11,088.

BUDGETARY HIGHLIGHTS

During FY'04, Buena Vista County amended its budget 3 times. The first amendment approved September 9, 2003 resulted in a \$122,300 increase in expenditures for unanticipated juvenile expense at Toledo, a carryover Comm Center project for the CAD system, carryover dredge project expense, and unanticipated expenses for the lagoon at the Spectra Health site.

On December 16, 2003, the second amendment was approved. New revenues included CDBG funds for a rural water project and (SILO) election expense reimbursement, totaling \$710,000. Amended expenditures were for the same items and amounts.

The third amendment approved April 20, 2004, included revenue and expense for bioterrorism, occupational therapy, I-4, cancer, and TB grants; also, jail maintenance, bridge replacements and contract work. Expenditures were amended by \$407,915 including the grants, jail maintenance, contract work, and two bridge replacements.

FY'04 was the first full year of operation for the driver's license station by the County Treasurer's staff. The cost of providing this service was \$72,183, with fees and reimbursement for the examiner shared with 2 other counties totaling \$61,192. Although the program is not fully self-supporting, 8,134 driver licenses were issued, with many more services provided which do not generate fees including exams, ID's, duplicates, handicaps, record checks, etc. This service not only makes it possible for Buena Vista County residents to renew their licenses 'at home', but it draws a significant number of people into Buena Vista County.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, Buena Vista County had approximately 7.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,017,661 or 15.0 percent over last year

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)

	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
Land	\$ 521	\$ 521
Buildings and improvements	871	906
Equipment and vehicles	3,964	3,653
Infrastructure	<u>2,459</u>	<u>1,718</u>
Total	<u>\$7,815</u>	<u>\$6,798</u>

This year's major additions included (in thousands):

Capital assets contributed by the Iowa Department of Transportation	\$ 492
Lincoln township bridge	208
Maple Valley bridge	94
Culverts	71
Secondary roads equipment	272
Computer assisted dispatch project	68
Jail software	65
County Sheriff, conservation, and public health vehicles	<u>119</u>
Total	<u>\$1,389</u>

The County had depreciation expense of \$371,873 in FY04 and total accumulated depreciation of \$2,770,996 at June 30, 2004.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

The County's FY'04 statutory debt limit was 5% of the assessed valuation, or \$48,489,561. At June 30, 2004, Buena Vista County had \$5,677,396 in outstanding general obligation bonds, or 11.7% of capacity. Outstanding bonds included \$4,890,000 for the Buena Vista Regional Medical Center addition and remodeling, \$530,000 for the lake dredge and equipment, \$185,000 for the Harold Rowley Recycle Center, \$64,896 for the 2003 Capital Projects Loan, and \$7,500 loan for a Comprehensive Plan update. The County does not have a current bond rating.

Other obligations include accrued vacation pay and compensatory time, and drainage district warrants. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS

To provide a basis for comparison with future audits, the following information is provided. It is taken from the 2004 annual profile of Buena Vista County, compiled by Iowa Workforce Development:
www.iowaworkforce.org/lmi/empstat

Buena Vista County's total employment increased by .86% from 2002 to 2003, but the average annual wage decreased by .33% to \$23,969 for all industries. The largest private sector was manufacturing at 28.21% of the county's total covered employment of 10,114. BV County's average weekly wage for all industries was \$461 for 2003, a decrease of .22%. The highest average weekly wage for a private sector was in Transportation and Utilities, averaging \$797. This sector also had the largest percentage increase in average weekly wage of 6.69% between 2002 and 2003.

The 2003 unemployment rate was 2.8%. The 2002 per capita personal income was \$24,627, with a \$35,300 median household income in 2000. The average annual wage change from 2002 to 2003 was -.33% (\$24,049 to \$23,969).

U.S. Bureau of the Census figures tell us that Buena Vista County's population increased 2.21% from 1990 (19,965) to 2000 (20,411), with a slight decrease to 20,205 in 2003. The June, 2004 consumer price index was 189.7, or 3.3% higher than June, 2003.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Buena Vista County Auditors Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2004

Exhibit A

Governmental
Activities

ASSETS

Cash and pooled investments	\$ 4,756,647
Receivables:	
Property tax:	
Delinquent	20,322
Succeeding year	5,834,375
Interest and penalty on property tax	2,233
Accounts	11,784
Accrued interest	9,726
Drainage assessments	29,299
Due from other governments	699,194
Prepaid insurance	36,453
Capital assets (net of accumulated depreciation)	<u>7,815,475</u>
Total assets	<u>19,215,508</u>

LIABILITIES

Accounts payable	402,474
Accrued interest payable	105,706
Salaries and benefits payable	38,836
Due to other governments	116,654
Deferred revenue:	
Succeeding year property tax	5,834,375
Other	63,530
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	551,396
Compensated absences	309,310
Portion due or payable after one year:	
General obligation bonds	5,126,000
Drainage warrants/drainage improvement certificates payable	<u>344,493</u>
Total liabilities	<u>12,892,774</u>

NET ASSETS

Invested in capital assets, net of related debt	7,213,079
Restricted for:	
Supplemental levy purposes	112,705
Secondary roads purposes	2,536,036
Debt service	330,282
Other purposes	783,256
Unrestricted (Note 20)	<u>(4,652,624)</u>
Total net assets	<u>\$ 6,322,734</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Governmental activities:				
Public safety and legal services	\$ 1,959,132	\$ 72,976	\$ 159,866	\$ -
Physical health and social services	1,094,230	368,315	432,407	-
Mental health	1,169,520	3,860	863,546	-
County environment and education	532,598	-	18,223	-
Roads and transportation	2,842,244	111,873	2,774,824	591,733
Governmental services to residents	462,609	352,909	42,328	-
Administration	1,005,136	103	17,040	-
Non-program	1,465,683	328,335	-	439,100
Interest on long-term debt	290,194	-	-	-
Total	<u>\$10,821,346</u>	<u>\$ 1,238,371</u>	<u>\$ 4,308,234</u>	<u>\$ 1,030,833</u>
General Revenues:				
Property and other county tax levied for:				
General purposes				4,915,243
Debt service				594,874
Penalty and interest on property tax				39,409
State tax credits				285,772
Local option sales tax				629,453
Grants and contributions not restricted to specific purpose				123,796
Unrestricted investment earnings				132,333
Miscellaneous				8,446
Total general revenues				<u>6,729,326</u>
Change in net assets				2,485,418
Net assets beginning of year				<u>3,837,316</u>
Net assets end of year				<u>\$ 6,322,734</u>

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

Exhibit C

	General	Special Revenue		Debt Service	Nonmajor	Total
		Rural Services	Secondary Roads			
ASSETS						
Cash and pooled investments	\$ 559,826	\$ 105,285	\$ 2,323,522	\$ 411,826	\$ 1,118,674	\$ 4,519,133
Receivables:						
Property tax:						
Delinquent	14,207	2,545	-	2,181	1,389	20,322
Succeeding year	3,705,966	1,197,219	-	568,965	362,225	5,834,375
Interest and penalty on property tax	2,233	-	-	-	-	2,233
Accounts	5,243	-	5,213	-	1,328	11,784
Accrued interest	9,364	-	-	-	104	9,468
Drainage assessments	-	-	-	-	29,299	29,299
Due from other governments	206,968	81,574	295,538	-	115,114	699,194
Prepaid expenses	35,813	-	473	-	167	36,453
Total assets	<u>\$ 4,539,620</u>	<u>\$1,386,623</u>	<u>\$2,624,746</u>	<u>\$ 982,972</u>	<u>\$ 1,628,300</u>	<u>\$11,162,261</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 71,665	\$ 1,061	\$ 73,313	\$ -	\$ 127,015	\$ 273,054
Interest payable	-	-	-	-	20,443	20,443
Salaries and benefits payable	21,746	1,452	13,906	-	1,732	38,836
Due to other governments	15,108	-	-	-	101,546	116,654
Deferred revenue:						
Succeeding year property tax	3,705,966	1,197,219	-	568,965	362,225	5,834,375
Other	14,229	49,632	1,491	1,766	30,424	97,542
Total liabilities	<u>3,828,714</u>	<u>1,249,364</u>	<u>88,710</u>	<u>570,731</u>	<u>643,385</u>	<u>6,380,904</u>
Fund balances:						
Reserved for:						
Supplemental levy purposes	111,752	953	-	-	-	112,705
Drainage warrants	-	-	-	-	(36,075)	(36,075)
Future expenditures	-	-	-	-	96,280	96,280
Debt service fund	-	-	-	412,241	-	412,241
Unreserved, reported in:						
General fund	599,154	-	-	-	-	599,154
Special revenue funds	-	136,306	2,536,036	-	984,744	3,657,086
Capital projects fund	-	-	-	-	(60,034)	(60,034)
Total fund balances	<u>710,906</u>	<u>137,259</u>	<u>2,536,036</u>	<u>412,241</u>	<u>984,915</u>	<u>4,781,357</u>
Total liabilities and fund balances	<u>\$ 4,539,620</u>	<u>\$1,386,623</u>	<u>\$2,624,746</u>	<u>\$ 982,972</u>	<u>\$ 1,628,300</u>	<u>\$11,162,261</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Exhibit D

Total governmental fund balances	\$ 4,781,357
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$10,586,471 and the accumulated depreciation is \$2,770,996	7,815,475
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	47,667
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	94,697
Long-term liabilities, including notes payable, accrued interest payable, compensated absences payable, and drainage warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,416,462)</u>
Net assets of governmental activities	<u>\$6,322,734</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

Exhibit E

	General	Special Revenue Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
Revenues:						
Property and other County tax	\$ 3,490,966	\$ 1,351,129	\$ -	\$594,628	\$ 699,306	\$ 6,136,029
Interest and penalty on property tax	39,269	-	-	-	-	39,269
Intergovernmental	1,131,497	139,433	2,815,994	226,978	1,087,642	5,401,544
Licenses and permits	22,844	4,125	985	-	-	27,954
Charges for service	455,700	11,800	65,747	-	53,171	586,418
Use of money and property	113,311	-	14,898	-	1,630	129,839
Miscellaneous	6,704	4,577	104,503	-	81,304	197,088
Total revenues	<u>5,260,291</u>	<u>1,511,064</u>	<u>3,002,127</u>	<u>821,606</u>	<u>1,923,053</u>	<u>12,518,141</u>
Expenditures:						
Operating:						
Public safety and legal services	1,890,403	1,219	-	-	-	1,891,622
Physical health and social services	1,079,941	-	-	-	1,878	1,081,819
Mental health	-	-	-	-	1,170,050	1,170,050
County environment and education	223,738	236,770	-	-	-	460,508
Roads and transportation	2,995	6,791	3,288,806	-	-	3,298,592
Governmental services to residents	436,248	-	-	-	-	436,248
Administration	957,254	-	-	-	6,568	963,822
Non-program	32,113	-	649,151	-	477,389	1,158,653
Debt service	70,813	-	-	810,808	-	881,621
Capital projects	-	-	-	-	332,071	332,071
Total expenditures	<u>4,693,505</u>	<u>244,780</u>	<u>3,937,957</u>	<u>810,808</u>	<u>1,987,956</u>	<u>11,675,006</u>
Excess (deficiency) of revenues over expenditures	<u>566,786</u>	<u>1,266,284</u>	<u>(935,830)</u>	<u>10,798</u>	<u>(64,903)</u>	<u>843,135</u>
Other financing sources (uses):						
Sale of assets	6,989	-	826	-	632	8,447
Operating transfers in (out)	(210,642)	(1,585,850)	1,617,839	290	178,363	-
General obligation bond proceeds	-	-	-	-	133,000	133,000
Drainage district warrants	-	-	-	-	218,928	218,928
Total other financing sources (uses)	<u>(203,653)</u>	<u>(1,585,850)</u>	<u>1,618,665</u>	<u>290</u>	<u>530,923</u>	<u>360,375</u>
Net change in fund balances	363,133	(319,566)	682,835	11,088	466,020	1,203,510
Fund balances, beginning of year	<u>347,773</u>	<u>456,825</u>	<u>1,853,201</u>	<u>401,153</u>	<u>518,895</u>	<u>3,577,847</u>
Fund balances, end of year	<u>\$ 710,906</u>	<u>\$ 137,259</u>	<u>\$2,536,036</u>	<u>\$412,241</u>	<u>\$ 984,915</u>	<u>\$ 4,781,357</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

Exhibit F

Net change in fund balances - Total governmental funds \$1,203,510

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures while
 governmental activities report depreciation expense to allocate those
 expenditures over the life of the assets. Capital outlay expenditures and
 contributed capital assets exceeded depreciation expense in the current
 year as follows:

Expenditures for capital assets	\$ 897,349	
Capital assets contributed by the Iowa Department of Transportation	492,186	
Depreciation expense	<u>(371,874)</u>	1,017,661

Because some revenues will not be collected for several months after the
 County's year end, they are not considered available revenues and are
 deferred in the governmental funds as follows:

Property tax	3,541	
Other	<u>(46,197)</u>	(42,656)

Proceeds from issuing long-term liabilities provide current financial
 resources to governmental funds, but issuing debt increases long-term
 liabilities in the Statement of Net Assets. Repayment of long-term
 liabilities is an expenditure in the governmental funds, but the repayment
 reduces long-term liabilities in the Statement of Net Assets. Current year
 repayments exceeded issued as follows:

Issued	(359,428)	
Repaid	<u>581,104</u>	221,676

Some expenses reported in the Statement of Activities do not require the
 use of current financial resources and, therefore, are not reported as
 expenditures in governmental funds, as follows:

Compensated absences	(18,248)	
Interest on long-term debt	<u>10,323</u>	(7,925)

The Internal Service Fund is used by management to charge the costs of
 employee health benefits to individual funds. The change in net assets of
 the Internal Service Fund is reported with governmental activities.

93,152

Change in net assets of governmental activities

\$2,485,418

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2004

Exhibit G

Internal
Service-
Employee
Group
Health

ASSETS

Cash and cash equivalents	\$ 237,514
Interest receivable	258
Total assets	<u>237,772</u>

LIABILITIES

Accounts payable	129,420
Deferred revenue	13,655
Total liabilities	<u>143,075</u>

NET ASSETS

Unrestricted	<u>\$ 94,697</u>
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See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2004

Exhibit H

Internal
Service-
Employee
Group
Health

Operating revenues:	
Reimbursements from operating funds	\$ 709,883
Reimbursements from employees	<u>353,179</u>
Total operating revenues	1,063,062
Operating expenses:	
Medical claims and administrative fees	<u>972,404</u>
Operating income	90,658
Non-operating revenues:	
Interest income	<u>2,494</u>
Net income	93,152
Net assets beginning of year	<u>1,545</u>
Net assets end of year	<u>\$ 94,697</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2004

Exhibit I

Internal
Service-
Employee
Group
Health

Cash flows from operating activities:

Cash received from operating fund reimbursements	\$ 1,009,913
Cash payments for medical claims and administrative fees	<u>939,763</u>
Net cash provided by operating activities	70,150

Cash flows from investing activities:

Interest on investments	<u>2,499</u>
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Net increase in cash and cash equivalents	72,649
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Cash and cash equivalents, beginning of year	<u>164,865</u>
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Cash and cash equivalents, end of year	<u><u>\$ 237,514</u></u>
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Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 90,658
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	32,641
Decrease in deferred revenue	<u>(53,149)</u>

Net cash provided by operating activities	<u><u>\$ 70,150</u></u>
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See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2004

Exhibit J

ASSETS

Cash and pooled investments:	
County treasurer	\$ 1,068,049
Other County officials	34,647
Receivables:	
Property tax:	
Delinquent	65,559
Succeeding year	15,275,562
Accounts	48,950
Due from other governments	116,233
Total assets	<u>16,609,000</u>

LIABILITIES

Accounts payable	84,731
Salaries and benefits payable	8,771
Due to other governments	16,507,080
Trusts payable	8,418
Total liabilities	<u>16,609,000</u>

Net Assets	<u>\$ -</u>
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See notes to financial statements.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) Summary of Significant Accounting Policies

Buena Vista County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Buena Vista County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred forty drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County Empowerment Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multicounty Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues, (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost, and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2003.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30, and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$65,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Building improvements	50
Infrastructure	65
Equipment	5-20
Vehicles	4-15

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County, and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1 which means that the investments are insured or registered or the securities are held by the County or its agent in the County's name.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2004 are as follows:

<u>Type</u>	<u>Fair Value</u>
U.S. Government securities	\$ 334
Drainage warrants	<u>539</u>
Total	<u>\$ 873</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$60,025 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Landfill Agreement

The County participates in an agreement with the Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities. Payments to that commission totaled \$140,302 during the year ended June 30, 2004.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(3) Landfill Agreement - (Continued)

The County has guaranteed closure and post closure costs of the landfill as per Chapter 111.6(7) of the Iowa Code. The total costs have been estimated at approximately \$178,075 and \$829,500, respectively. The landfill has an estimated remaining life of five years as of June 30, 2004.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Mental Health	\$ 39,149
Special Revenue: Secondary Roads	General	102,078
	Special Revenue: Rural Services	<u>1,515,761</u>
		<u>1,617,839</u>
Jail Security	General	<u>2,127</u>
Conservation Land Acquisition	General	<u>11,702</u>
Local Options Secondary Road	Special Revenue: Rural Services	<u>33,363</u>
Debt Service	General	<u>290</u>
Capital Projects:	General	<u>133,594</u>
	Special Revenue: Rural Services	<u>36,726</u>
		<u>170,320</u>
Total		<u>\$1,874,790</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 521,324	\$ -	\$ -	\$ 521,324
Construction in progress	<u>1,717,836</u>	<u>629,295</u>	<u>(2,347,131)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,239,160</u>	<u>629,295</u>	<u>(2,347,131)</u>	<u>521,324</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(5) Capital Assets - (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets being depreciated:				
Buildings	\$1,728,461	\$ -	\$ -	\$ 1,728,461
Equipment and vehicles	5,436,920	685,042	(266,805)	5,855,157
Infrastructure	-	2,481,529	-	2,481,529
Total capital assets being depreciated	<u>7,165,381</u>	<u>3,166,571</u>	<u>(266,805)</u>	<u>10,065,147</u>
Less: accumulated depreciation for:				
Buildings	822,357	34,568	-	856,925
Equipment and vehicles	1,784,370	314,821	(207,604)	1,891,587
Infrastructure	-	22,484	-	22,484
Total accumulated depreciation	<u>2,606,727</u>	<u>371,873</u>	<u>(207,604)</u>	<u>2,770,996</u>
Total capital assets being depreciated, net	<u>4,558,654</u>	<u>2,794,698</u>	<u>(59,201)</u>	<u>7,294,151</u>
Governmental activities capital assets, net	<u>\$6,797,814</u>	<u>\$3,423,993</u>	<u>\$(2,406,332)</u>	<u>\$ 7,815,475</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Public safety and legal services				\$ 64,041
Physical health and social services				12,505
Mental health				1,503
County environment and education				61,009
Roads and transportation				208,816
Administration				23,999
Total depreciation expense - governmental activities				<u>\$371,873</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 15,108</u>
Special Revenue:		
Mental Health	Services	<u>101,546</u>
Total for governmental funds		<u>\$ 116,654</u>
Agency:		
County Assessor	Collections	\$ 577,710
Auto License and Use Tax		330,615
Community Colleges		497,058
Corporations		3,595,867
Schools		10,229,059
All other		<u>1,276,771</u>
Total for agency funds		<u>\$16,507,080</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(7) Special Revenue - Due From Other Governments

Included in this balance is \$47,486 which represents an unsecured promissory note due from the Buena Vista County Solid Waste Commission. This interest-free loan is due in annual installments of \$4,700 due August 1 each year until August 1, 2012 when the remaining principal balance shall be paid in full.

(8) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	Balance begin- <u>ning of year</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>end of year</u>	Due within <u>one year</u>
Drainage warrants/improvement certificates/drainage district deficit balances	\$ 125,565	\$255,256	\$ 36,328	\$ 344,493	\$ -
General obligation bonds	6,118,000	140,500	581,104	5,677,396	551,396
Compensated absences	291,062	18,248	-	309,310	309,310
Total	<u>\$6,534,627</u>	<u>\$414,004</u>	<u>\$617,432</u>	<u>\$6,331,199</u>	<u>\$860,706</u>

A. Bonds Payable

A summary of the County's June 30, 2004 general obligation bonded indebtedness is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	2.00 - 5.00%	\$ 551,396	\$ 265,976	\$ 817,372
2006	2.00 - 5.00	321,500	245,701	567,201
2007	2.00 - 5.00	331,500	230,716	562,216
2008	2.00 - 5.00	346,500	214,941	561,441
2009	2.00 - 5.00	361,500	198,377	559,877
2010	3.70 - 5.00	375,000	180,810	555,810
2011	3.90 - 5.00	395,000	162,340	557,340
2012	4.10 - 5.00	415,000	142,875	557,875
2013	4.30 - 5.10	435,000	122,153	557,153
2014	5.100	385,000	100,018	485,018
2015	5.125	405,000	79,822	484,822
2016	5.125	430,000	58,425	488,425
2017	5.125	450,000	35,875	485,875
2018	5.125	475,000	12,172	487,172
Total		<u>\$5,677,396</u>	<u>\$2,050,201</u>	<u>\$7,727,597</u>

During the year ended June 30, 2004 the County issued \$140,500 in general obligation debt and retired \$581,104 of general obligation debt.

On September 1, 1997, Buena Vista County issued \$6,000,000 of general obligation bonds to pay for remodeling and construction at Buena Vista Regional Medical Center. The county has a property tax levy to pay the principal and interest on these bonds. The bonds outstanding at June 30, 2004 were \$4,890,000 and are included above.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(8) Changes in Long-Term Liabilities - (Continued)

A. Bonds Payable - (Continued)

On June 1, 2000, Buena Vista County issued \$875,000 of general obligation bonds and loaned the proceeds to Buena Vista County Solid Waste Commission. The Commission has agreed to pay all interest and principal on the bonds on or before the due dates. The bonds outstanding at June 30, 2004 were \$185,000 and are included above.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$239,675, \$230,844, and \$218,907 respectively, equal to the required contributions for each year.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(10) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contribution to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2004 was \$693,455.

Amounts payable from the Employee Group Health Fund at June 30, 2004 total \$129,420, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for catastrophic losses. That reserve was \$94,697 at June 30, 2004 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2003	\$ 96,780
Incurred claims (including claims incurred but not reported at June 30, 2004)	1,005,044
Payment on claims during the fiscal year	<u>(972,404)</u>
Unpaid claims at June 30, 2004	<u>\$ 129,420</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(12) Jointly Governed Organization

Buena Vista County participates in a 3-County Empowerment Board, which includes Crawford and Sac Counties, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an agency fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2004:

Additions:		
Contributions from governmental units:		
School Ready grant	\$312,585	
TANF grant	<u>80,887</u>	\$ 393,472
Interest income		<u>7,129</u>
Total additions		400,601
Deductions:		
Administration	70,835	
Home management services	291,379	
School ready grants	97,870	
Salary reimbursements	2,614	
Early childhood mini-grants	5,478	
Educational and training services	52,276	
Translating services	14,635	
Transportation	10,915	
Other	<u>6,481</u>	<u>552,483</u>
Net		(151,882)
Balance beginning of year		<u>397,341</u>
Balance end of year		<u>\$245,459</u>

(13) Juvenile Detention Center

The County participates in the Northwest Iowa Multicounty Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2004, which is the latest information available, is summarized as follows:

Net assets, beginning of year	\$192,980
Revenues	548,919
Expenses	<u>493,392</u>
Net assets, end of year	<u>\$248,507</u>

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(14) Contingencies

A lawsuit alleges negligence in the application of gravel to a County road. The County's insurance carrier is defending the action of the County; however, no opinion has been made regarding the outcome of the case or possible damages that might be awarded.

(15) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2004:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Costs Incurred As of 6-30-04</u>	<u>Remaining Commitment As of 6-30-04</u>
Bridge replacement Lincoln township	\$218,376	\$208,262	\$ 10,114
Bridge inspection	10,250	7,688	2,562
Resurface 620 th Street	71,977	-	71,977
Drainage district repair - #1	204,376	10,909	193,467
Seal coating roads	132,490	-	132,490
Purchase of motor grader	<u>160,283</u>	<u>-</u>	<u>160,283</u>
	<u>\$797,752</u>	<u>\$226,859</u>	<u>\$570,893</u>

The balance remaining at June 30, 2004 will be paid as work on the projects progresses.

(16) Community Development Block Grant Funds

On May 28, 2003 the County entered into an agreement with the Iowa Department of Economic Development to receive grant funds under the Community Development Block Grant Program totaling \$828,000. \$580,000 of these funds are to be used for construction of a rural water distribution system, \$228,000 are to be used to connect the City of Rembrandt to this rural water system, and \$20,000 are to be used for the planning of this system. As of June 30, 2004, \$211,494 of these funds had been received and disbursed.

(17) Deficit Fund Balance

The Capital Projects fund had a deficit balance of \$60,034 at June 30, 2004. The deficit is because of accounts payable. The fund is financed primarily by transfers from the General fund. Transfers will be made in the succeeding fiscal year to pay amounts as they become due.

(18) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(18) Accounting Change and Restatements - (Continued)

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences, were implemented during the year ended June 30, 2004. The statements create new basic financial statements for reporting the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the County's governmental activities. Beginning net assets for governmental activities has been restated to include capital assets, the Internal Service Fund and the changes in assets and liabilities at July 1, 2003 resulting from the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	<u>Amount</u>
Net assets June 30, 2003, as previously reported	\$3,577,847
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$2,606,727	6,797,814
Internal Service Fund	1,545
Long-term liabilities	(6,630,213)
Deferral of long-term assets	<u>90,323</u>
Net assets July 1, 2003, as restated	<u>\$3,837,316</u>

(19) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(20) Unrestricted Net Assets

As a result of debt which the County has issued for other governmental entities, the unrestricted net assets is a deficit balance of \$4,652,624 at June 30, 2004. If not for the remaining balance on the debt issued for the hospital and the landfill, the net assets at June 30, 2004 would reflect a surplus of \$422,376.

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$12,351,974	\$ 166,167	\$12,518,141
Expenditures	<u>11,755,753</u>	<u>(80,747)</u>	<u>11,675,006</u>
Net	596,221	246,914	843,135
Other financing sources, net	359,525	850	360,375
Beginning fund balances	<u>3,563,387</u>	<u>14,460</u>	<u>3,577,847</u>
Ending fund balances	<u>\$ 4,519,133</u>	<u>\$ 262,224</u>	<u>\$ 4,781,357</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING
JUNE 30, 2004

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,240,215. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

OTHER SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

Schedule 1

	Special Revenue											
	Mental Health	Local Option Secondary Roads	County Recorder's Record Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Recorder's Electronic Transactions	Capital Projects	Total
ASSETS												
Cash and pooled investments	\$476,993	\$ 323,012	\$ 22,664	\$ 36,048	\$ 19,683	\$ 102,701	\$ 42,383	\$ 66,701	\$ 2,251	\$ 22,751	\$ 3,487	\$ 1,118,674
Receivables:												
Property tax:												
Delinquent	1,389	-	-	-	-	-	-	-	-	-	-	1,389
Succeeding year	362,225	-	-	-	-	-	-	-	-	-	-	362,225
Accounts	1,328	-	-	-	-	-	-	-	-	-	-	1,328
Accrued interest	-	-	21	33	-	-	-	29	2	19	-	104
Drainage assessments	-	-	-	-	-	29,299	-	-	-	-	-	29,299
Due from other governments	20,819	79,539	462	98	-	-	-	-	-	14,196	-	115,114
Prepaid expenses	167	-	-	-	-	-	-	-	-	-	-	167
Total assets	<u>\$862,921</u>	<u>\$ 402,551</u>	<u>\$ 23,147</u>	<u>\$ 36,179</u>	<u>\$ 19,683</u>	<u>\$ 132,000</u>	<u>\$ 42,383</u>	<u>\$ 66,730</u>	<u>\$ 2,253</u>	<u>\$ 36,966</u>	<u>\$ 3,487</u>	<u>\$ 1,628,300</u>
LIABILITIES AND FUND EQUITY												
Liabilities:												
Accounts payable	\$ 41,441	\$ -	\$ -	\$ -	\$ -	\$ 22,053	\$ -	\$ -	\$ -	\$ -	\$ 63,521	\$ 127,015
Interest payable	-	-	-	-	-	20,443	-	-	-	-	-	20,443
Salaries and benefits payable	1,732	-	-	-	-	-	-	-	-	-	-	1,732
Due to other governments	101,546	-	-	-	-	-	-	-	-	-	-	101,546
Deferred revenue:												
Succeeding year property tax	362,225	-	-	-	-	-	-	-	-	-	-	362,225
Other	1,125	-	-	-	-	29,299	-	-	-	-	-	30,424
Total liabilities	<u>508,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,521</u>	<u>643,385</u>
Fund equity:												
Fund balances:												
Reserved for:												
Drainage warrants	-	-	-	-	-	(36,075)	-	-	-	-	-	(36,075)
Future expenditures	-	-	-	-	-	96,280	-	-	-	-	-	96,280
Unreserved	354,852	402,551	23,147	36,179	19,683	-	42,383	66,730	2,253	36,966	(60,034)	924,710
Total fund equity	<u>354,852</u>	<u>402,551</u>	<u>23,147</u>	<u>36,179</u>	<u>19,683</u>	<u>60,205</u>	<u>42,383</u>	<u>66,730</u>	<u>2,253</u>	<u>36,966</u>	<u>(60,034)</u>	<u>984,915</u>
Total liabilities and fund equity	<u>\$862,921</u>	<u>\$ 402,551</u>	<u>\$ 23,147</u>	<u>\$ 36,179</u>	<u>\$ 19,683</u>	<u>\$ 132,000</u>	<u>\$ 42,383</u>	<u>\$ 66,730</u>	<u>\$ 2,253</u>	<u>\$ 36,966</u>	<u>\$ 3,487</u>	<u>\$ 1,628,300</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 2

	Special Revenue												
	Mental Health	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Clay Regional Water CDBG	Recorder's Electronic Transactions	Capital Projects	Total
Revenues:													
Property and other County tax	\$ 330,118	\$ 369,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 699,306
Intergovernmental	869,394	-	-	6,754	-	-	-	-	-	211,494	-	-	1,087,642
Charges for services	3,860	-	4,888	-	7,538	-	-	-	-	-	36,885	-	53,171
Use of money and property	-	-	221	307	-	-	-	999	22	-	81	-	1,630
Miscellaneous	10,736	-	-	-	-	70,538	-	-	-	-	-	30	81,304
Total revenues	1,214,108	369,188	5,109	7,061	7,538	70,538	-	999	22	211,494	36,966	30	1,923,053
Expenditures:													
Operating:													
Physical health and social services	-	-	-	-	-	-	-	1,878	-	-	-	-	1,878
Mental health	1,170,050	-	-	-	-	-	-	-	-	-	-	-	1,170,050
Administration	-	-	-	-	6,568	-	-	-	-	-	-	-	6,568
Non-program	-	-	1,331	-	-	263,752	812	-	-	211,494	-	-	477,389
Capital projects	-	-	-	-	-	-	-	-	-	-	-	332,071	332,071
Total expenditures	1,170,050	-	1,331	-	6,568	263,752	812	1,878	-	211,494	-	332,071	1,987,956
Excess (deficiency) of revenues over expenditures	44,058	369,188	3,778	7,061	970	(193,214)	(812)	(879)	22	-	36,966	(332,041)	(64,903)
Other financing sources (uses):													
Sale of assets	632	-	-	-	-	-	-	-	-	-	-	-	632
Operating transfers in (out)	(39,149)	33,363	-	-	2,127	-	11,702	-	-	-	-	170,320	178,363
General obligation bond proceeds	-	-	-	-	-	-	-	-	-	-	-	133,000	133,000
Drainage district warrants	-	-	-	-	-	218,928	-	-	-	-	-	-	218,928
Total other financing sources (uses)	(38,517)	33,363	-	-	2,127	218,928	11,702	-	-	-	-	303,320	530,923
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,541	402,551	3,778	7,061	3,097	25,714	10,890	(879)	22	-	36,966	(28,721)	466,020
Fund balances beginning of year	349,311	-	19,369	29,118	16,586	34,491	31,493	67,609	2,231	-	-	(31,313)	518,895
Fund balances end of year	\$ 354,852	\$ 402,551	\$ 23,147	\$ 36,179	\$ 19,683	\$ 60,205	\$ 42,383	\$ 66,730	\$ 2,253	\$ -	\$ 36,966	\$ (60,034)	\$ 984,915

See accompanying independent auditor's report.

RUENA VISTA COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
 LIABILITIES - AGENCY FUNDS
 JUNE 30, 2004

Schedule 3

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
ASSETS										
Cash and pooled investments:										
County treasurer	\$ -	\$ 1,356	\$ 210,377	\$ 100,095	\$ 4,440	\$ 25,854	\$ 2,300	\$ 330,615	\$ 393,012	\$ 1,068,049
Other County officials	34,647	-	-	-	-	-	-	-	-	34,647
Receivables:										
Property tax:										
Delinquent	-	546	1,568	38,641	1,835	21,038	458	-	1,473	65,559
Succeeding year	-	142,373	409,161	10,090,323	490,783	3,548,975	216,172	-	377,775	15,275,562
Accounts	3,373	-	-	-	-	-	-	21,818	23,759	48,950
Special assessments	-	-	-	-	-	-	-	-	116,233	116,233
Total assets	<u>\$ 38,020</u>	<u>\$ 144,275</u>	<u>\$ 621,106</u>	<u>\$ 10,229,059</u>	<u>\$ 497,058</u>	<u>\$ 3,595,867</u>	<u>\$ 218,930</u>	<u>\$ 352,433</u>	<u>\$ 912,252</u>	<u>\$ 16,609,000</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 34,625	\$ -	\$ -	\$ -	\$ -	\$ 21,818	\$ 28,288	\$ 84,731
Salaries and benefits payable	-	-	8,771	-	-	-	-	-	-	8,771
Due to other governments	33,476	144,275	577,710	10,229,059	497,058	3,595,867	218,930	330,615	880,090	16,507,080
Trusts payable	4,544	-	-	-	-	-	-	-	3,874	8,418
Total liabilities	<u>\$ 38,020</u>	<u>\$ 144,275</u>	<u>\$ 621,106</u>	<u>\$ 10,229,059</u>	<u>\$ 497,058</u>	<u>\$ 3,595,867</u>	<u>\$ 218,930</u>	<u>\$ 352,433</u>	<u>\$ 912,252</u>	<u>\$ 16,609,000</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 AND LIABILITIES - AGENCY FUNDS
 YEAR ENDED JUNE 30, 2004

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<u>ASSETS AND LIABILITIES</u>										
Balances beginning of year	\$ 42,254	\$ 144,318	\$ 528,236	\$ 10,696,419	\$ 472,476	\$ 3,384,174	\$ 222,214	\$ 345,260	\$ 1,178,653	\$ 17,014,004
Additions:										
Property and other County tax	-	142,512	409,734	10,098,543	491,321	3,550,042	216,228	-	378,139	15,286,519
E911 surcharge	-	-	-	-	-	-	-	-	119,092	119,092
State tax credits	-	7,371	17,986	545,939	24,122	173,585	11,012	-	19,387	799,402
Office fees and collections	328,063	-	2,988	-	-	1,785	-	-	-	332,836
Electronic transaction fee	-	-	-	-	-	-	-	-	24,444	24,444
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	4,016,320	-	4,016,320
Assessments	-	-	-	-	-	-	-	-	34,074	34,074
Trusts	273,834	-	-	-	-	-	-	-	440,487	714,321
Miscellaneous	-	-	-	-	-	-	-	-	94,356	94,356
Total additions	<u>601,897</u>	<u>149,883</u>	<u>430,708</u>	<u>10,644,482</u>	<u>515,443</u>	<u>3,725,412</u>	<u>227,240</u>	<u>4,016,320</u>	<u>1,109,979</u>	<u>21,421,364</u>
Deductions:										
Agency remittances:										
To other governments	329,132	149,926	337,838	11,111,842	490,861	3,513,719	230,524	4,009,147	770,811	20,943,800
Trusts paid out	<u>276,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>605,569</u>	<u>882,568</u>
Total deductions	<u>606,131</u>	<u>149,926</u>	<u>337,838</u>	<u>11,111,842</u>	<u>490,861</u>	<u>3,513,719</u>	<u>230,524</u>	<u>4,009,147</u>	<u>1,376,380</u>	<u>21,826,368</u>
Balances end of year	\$ <u>38,020</u>	\$ <u>144,275</u>	\$ <u>621,106</u>	\$ <u>10,229,059</u>	\$ <u>497,058</u>	\$ <u>3,595,867</u>	\$ <u>218,930</u>	\$ <u>352,433</u>	\$ <u>912,252</u>	\$ <u>16,609,000</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION - ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

Schedule 5

	Modified Accrual Basis			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues:				
Property and other County tax	\$ 6,136,029	\$ 4,697,645	\$ 4,337,449	\$ 4,685,401
Interest and penalty on property tax	39,269	31,434	29,995	35,304
Intergovernmental	5,401,544	4,388,110	4,382,573	4,152,623
Licenses and permits	27,954	26,003	26,467	23,577
Charges for service	586,418	503,889	441,771	435,007
Use of money and property	129,839	154,053	220,720	400,566
Miscellaneous	197,088	128,306	59,039	124,571
Total	<u>\$12,518,141</u>	<u>\$ 9,929,440</u>	<u>\$ 9,498,014</u>	<u>\$ 9,857,049</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,891,622	\$ 1,789,460	\$ 1,648,975	\$ 1,636,068
Physical health and social services	1,081,819	1,167,713	1,063,282	993,558
Mental health	1,170,050	1,126,253	1,236,325	1,273,213
County environment and education	460,508	471,973	467,927	472,663
Roads and transportation	3,298,592	2,725,349	2,654,654	3,752,751
Governmental services to residents	436,248	345,670	301,108	293,485
Administration	963,822	1,009,896	925,179	829,836
Non-program	1,158,653	213,401	85,869	76,956
Debt service	881,621	693,761	697,150	704,874
Capital projects	332,071	1,846,546	633,988	804,219
Total	<u>\$11,675,006</u>	<u>\$11,390,022</u>	<u>\$ 9,714,457</u>	<u>\$ 10,837,623</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

Schedule 6

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grant for Food Stamp Program	10.561		\$ 8,778
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228		211,494
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C011-(50)-8J-11	75,813
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		11,415
Refugee and Entrant Assistance - State Administered Programs	93.566		39
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,099
Foster Care - Title IV-E	93.658		5,197
Adoption Assistance	93.659		1,389
Medical Assistance Program	93.778		11,474
Social Services Block Grant	93.667		7,505
Social Services Block Grant	93.667		93,160
Iowa Department of Public Health:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5884TB10	20,597
Consolidated Knowledge Development and Application (KD&A) Program	93.230	5884IP02	81,336
Immunization Grants	93.268	5884I426	39,894
Siouxland District Health Department:			
Center for Disease Control and Prevention- Investigations and Technical Assistance	93.283	5884BT03-LPHA1104	13,332

(Continued)

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

Schedule 6
(Continued)

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
Emergency Management Performance Grants	97.042		\$ 14,952
Total			<u>\$598,474</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Buena Vista County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Officials of Buena Vista County:

We have audited the financial statements of Buena Vista County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 10, 2004. Our report expressed a qualified opinion on the financial statements due to the omission of the materials and supplies inventory pertaining to the Special Revenue Funds which should be included in order to conform with U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-(G,K,L,M, and N)-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buena Vista County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect Buena Vista County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items II-(A,B, and C)-04 are material weaknesses. Prior year reportable conditions have been resolved except for items II-(A,B, and C)-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Buena Vista County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hungelman, Putzier & Co.

November 10, 2004

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Officials of Buena Vista County:

Compliance

We have audited the compliance of Buena Vista County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Buena Vista County's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Buena Vista County's management. Our responsibility is to express an opinion on Buena Vista County's compliance based on our audit.

We conducted our audit of compliance in accordance with the U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buena Vista County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buena Vista County's compliance with those requirements.

In our opinion, Buena Vista County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Buena Vista County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Buena Vista County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Hungelman, Putzier & Co.

November 10, 2004

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part I: Summary of the Independent Auditor's Results:

- (a) A qualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 14.228 - Community Development Block Grants/State's Program.
 - CFDA Number 93.667 - Social Services Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Buena Vista County did not qualify as a low-risk auditee.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-04 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in an office may have control over areas for which no compensating controls exist.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review. Following are controls which should be implemented whenever possible:

1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.
3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part II: Findings Related to the Financial Statements: - (Continued)

REPORTABLE CONDITIONS - (Continued)

II-A-04 Segregation of Duties - (Continued)

Response - To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks, handle or record cash.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, reviewing of warrants with original claim documentation, and handling of petty cash.

Conclusion - Response accepted.

II-B-04 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventory are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response - At the current time sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion - Response accepted.

II-C-04 Special Law Enforcement Proceeds - The Sheriff's department receives funds as a result of property forfeitures which are not recorded in the County's records. All funds received should be recorded in a separate project within the General Fund or in a separate special revenue fund.

Recommendation - The Sheriff should review procedures to ensure that all funds collected are deposited with the Treasurer.

Response - The Board of Supervisors will review the current procedures.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part II: Findings Related to the Financial Statements: - (Continued)

REPORTABLE CONDITIONS - (Continued)

- II-D-04 Wage Rate Approval - We noted several instances where employee's hourly wage increases did not contain an indication of department head approval.

Recommendation - All wage increases should be properly documented and approved by the department heads.

Response - Usually, written, signed notice of wage increases are provided to the payroll department. The instances noted were oversights. In the future, all payroll changes will be made only with written notice.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-04 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amount stated in the resolution were not exceeded during the year ended June 30, 2004, except for deposits at Security Trust & Savings Bank. The maximum authorized amount of \$8,500,000 was exceeded in October, 2003 and April, 2004 by approximately \$600,000 and \$500,000, respectively.

Recommendation - A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board.

Response - The maximum deposit approved by the Board of Supervisors for Security Trust & Savings Bank has now been increased to \$10,500,000.

Conclusion - Response accepted.

- IV-B-04 Certified Budget - Disbursements during the year ended June 30, 2004 did not exceed the amount budgeted in any function.
- IV-C-04 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-04 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

IV-E-04 Business Transactions - No business transactions between the County and County officials or employees were noted.

IV-F-04 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-G-04 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain a list of claims and the purpose as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims and the purpose of the claim.

Response - At the direction of the Board of Supervisors, due to the cost of publication and lack of inquiries, the Auditor publishes claims quarterly and without the purpose for each claim. The claims are then place on file and are available for public inspection. Additionally, the list of claims, along with the full text of the minutes are published on the county's website.

Conclusion - Response accepted.

IV-H-04 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-04 Resource Enhancement and Protection Certification - The County has dedicated property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-04 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.

IV-K-04 Excess Balance - The Buckingham Trust fund balance at June 30, 2004 is in excess of one year's expenditures and has had very little activity in the past.

Recommendation - The County should consider the necessity of maintaining this substantial balance and consider reducing this balance by using these funds whenever possible.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

IV-K-04 Excess Balance - (Continued)

Response - Upper Des Moines Opportunity has applied for a federal grant to establish a community health center. UDMO has requested financial support from the county for the center. The Board of Supervisors has agreed to provide \$15,000 in each of 4 years from the Buckingham Estate Trust Fund, and to delegate to the Community Health Center the authority to administer those funds according to the guidelines previously approved by the Board of Supervisors, with the requirement that CHC report annually on how the funds were spent that year, all subject to the award of the federal grant. Meanwhile, requests for assistance from the fund are reviewed on a case by case basis.

Conclusion - Response accepted.

IV-L-04 Financial Condition - The Capital Projects Fund had a deficit balance at June 30, 2004 of \$60,034 using the modified accrual basis of accounting.

Recommendation - The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response - The County's budget and accounting methods utilize the cash basis which is permitted by budget law. On the cash basis, the Capital Projects Fund did not have a deficit balance. The modified accrual basis is required only for annual reporting, and is utilized in the financial audit. Elected Officials and Department Heads will be encouraged to report end of fiscal year decisions earlier so that the appropriate transfers can be made prior to the end of the fiscal year.

Conclusion - Response accepted.

II-M-04 Carryover of Vacation and Compensatory Hours - Unused vacation and compensatory time for several employees in various departments appears to be in excess of established policies.

Recommendation - Unused vacation and compensatory hours should be monitored closely to determine that they are within County policy and legal guidelines.

Response - The Board will meet with Department Heads to get goals to reduce the carryover.

Conclusion - Response accepted.

IV-N-04 Transfers Not Approved - There were transfers of approximately \$112,290 from General Basic Fund to Capital Projects Fund during the year but it appears only \$59,000 was approved by the Board. Iowa Code Section 331.432 requires all transfers between funds to be approved by resolution of the Board.

Recommendation - All transfers between funds should be approved by the Board.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

IV-N-04 Transfers Not Approved - (Continued)

Response - All of the transfers from General Basic to Capital Projects were approved either in the original budget, or in the April 20, 2004 budget amendment, both of which were approved by resolution of the Board of Supervisors. In the future, such transfers will be spelled out in more detail in the Supervisors' resolutions.

Conclusion - Response accepted.

IV-O-04 E911 Department Head Vacation Carryover - The department head of E911 has approximately 700 hours of accrued vacation as of June 30, 2004. Although the department's policy allows the carryover of vacation with department head approval, this amount results in a current liability which may become a substantial payment at a future date.

Recommendation - To avoid a possible substantial payment in the future, the Board should consider eliminating some of this carryover through payments or paid time off.

Response - The Board will meet with the Communications Commission to set goals to reduce the carryover.

Conclusion - Response accepted.